

## Message Text

SECRET

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73

ORIGIN AID-05

INFO OCT-01 SS-14 ISO-00 EA-06 DODE-00 PM-03 INR-05 CIAE-00

NSC-05 NSCE-00 SP-02 IGA-01 EB-03 /045 R

DRAFTED BY AID/EA/C:DMERRILL:SJB

APPROVED BY EA:RHMILLER

EA/LC:LMRIVES

DOD/JCS:MGCLELAND

DOD/ISA:COL. CHING

AID/DAA/EA:GAZIMMERLY

----- 036547

R 292003Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY PHNOM PENH

S E C R E T STATE 071724

LIMDIS

E.O. 11652: GDS

TAGS: MOPS, EAID, CB

SUBJECT: FANK PERSONNEL SITUATION

REF: (A) PHNOM PENH 5242; (B) STATE 6995

1. DEPARTMENT WITH INPUT FROM WASHINGTON ECONOMIC COMMUNITY HAS REVIEWED REFTEL A PROPOSAL TO INCREASE FANK PAY IN AN EFFORT TO AMELIORATE PRESENT SITUATION IN WHICH MILITARY FAMILIES IN POVERTY, CONTRIBUTING TO DESERTION, LOW MORALE, AND LOW COMBAT EFFECTIVENESS OF FANK (PARA 6 D, REFTEL A).

2. WE WISH DO EVERYTHING POSSIBLE TO SUPPORT FANK EFFECTIVENESS. IF PROPOSED PAY INCREASE CAN BE LIMITED TO AND RECEIVED BY INTERVENTION FORCES WE BELIEVE IT COULD INCREASE THEIR EFFECTIVENESS WITHOUT UNDUE INFLATIONARY

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CONSEQUENCES. HOWEVER, INFLATIONARY EFFECTS OF 14.5

BILLION RIEL INCREASE IN THE DEFICIT PROPOSED REF A, PARA 6 G TO FINANCE A 25 PERCENT ACROSS-THE-BOARD PAY INCREASE, ARE CONSERVATIVELY ESTIMATED BY ECONOMISTS HERE AT QUADRUPLE-DIGIT INFLATION FOR CY 1975. IN ADDITION, THE CASE OF NEED FOR A CIVIL PAY RAISE MAY BE EQUALLY JUSTIFIABLE ON HUMANITARIAN GROUNDS CITED IN VIEW CURRENT INFLATION RATE. WE ANTICIPATE THAT NOT HOLDING LINE ON

MILITARY PAY RAISE MAY WELL LEAD TO INCREASED PRESSURE FOR CIVIL PAY INCREASES WITH COMMENSURATE INCREASE IN INFLATION RATE WHICH COULD NULLIFY THE TEMPORARY GAINS FROM PAY INCREASE. YOU MAY WISH TO CONSIDER THE FEASIBILITY OF PLACING ADMINISTRATION OF THE INCREASES PROPOSED REFTEL UNDER SPECIAL CONTROLS, SO THAT ADDITIONAL PAY HAS BETTER CHANCE OF BEING TRANSLATED, VIA DISTRIBUTION TO COMBAT SOLDIERS, INTO INCREASE IN FANK MORALE.

3. WHILE DEFERRING TO YOUR JUDGMENT IN RESOLVING THESE CONFLICTING AND DIFFICULT TRADE-OFFS AS YOU SEE FIT, WE URGE YOU TO CONSIDER LIMITING THIS INCREASE TO THE FIGHTING TROOPS SO THAT THE POTENTIALLY SEVERE INFLATIONARY CONSEQUENCES WILL BE MINIMIZED. KISSINGER

SECRET

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY PERSONNEL, PERSONNEL COMPENSATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 29 MAR 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Approved on Date:**  
**Disposition Authority:** RowellE0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition Reason:**  
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**Previous Handling Restrictions:** LIMDIS  
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**Subject:** FANK PERSONNEL SITUATION  
**TAGS:** MOPS, EAID, CB  
**To:** PHNOM PENH  
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